

**JOINT MEETING  
DURHAM CITY COUNCIL  
DURHAM COUNTY BOARD OF COMMISSIONERS  
DURHAM LEGISLATIVE DELEGATION**

**Monday, September 10, 2001  
City Hall, Committee Room  
8:30 a.m.**

Durham City Council Members in Attendance: Mayor Nicholas J. Tennyson, Mayor Pro Tempore Howard Clement and Council Members Brenda Burnette, Lewis Cheek, Dan Hill, Mary Jacobs, Angela Langley, Floyd McKissick and Jackie Wagstaff. Absent: Council Members Pamela Blyth, Tamra Edwards, Erick Larson and Thomas Stith.

Durham County Board of Commissioners in Attendance: Chair Mary Ann Black, Vice Chair Ellen Reckhow and Commissioners Rev. Philip Cousin, Jr., and Becky Heron. Absent: Commissioner Joe Bowser.

Durham Legislative Delegation in Attendance: Senators Wib Gulley and Jeanne Lucas. Representatives Paul Miller, H. M. Michaux, Jr., and Paul Luebke. Absent: Representatives Jennifer Weiss and J. Russell Capps.

Mayor Tennyson called the meeting to order outlining the purpose. The Mayor made comments about the occupancy tax handout and noted there would be an opportunity to receive comments from citizens.

Chair Black requested that an item be added to the agenda to receive an update from the Durham Legislative Delegation on the local option sales tax issue.

Mayor Tennyson noted the City Council took action at its September 4, 2001 meeting to seek authority from the delegation to increase the hotel/motel (occupancy) tax from 5% to 6%.

**SUBJECT: HOTEL/MOTEL (OCCUPANCY) TAX**

To discuss authority to increase hotel/motel tax.

Mike Martino, representing the Durham Lodging Coalition, spoke in opposition to the tax for the following reasons: 1) plan will tax lodging industry and is not fair; 2) will experience an increase in sales tax; 3) SFX Theatre should be a self-funded project; 4) timing is not right for occupancy tax increase; and 5) tax will affect the willingness of the lodging operators to work with the City/County/State legislators.

Dr. Anita Keith-Faust, representing the Center for Economic and Environmental Justice, spoke in opposition to the tax increase noting it would be unfair to fund another project where the citizens never see any return.

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Dr. Lavonia Allison, representing the Durham Committee on the Affairs of Black People, stated based on the economic plight, she urged the governing bodies to make sure every one is paying their fair share.

Vice Chair Reckhow asked Mr. Martino if he feels the 1% increase will harm the business.

Mike Martino, representing the Durham Lodging Coalition, made comments noting it's the use of the tax causing opposition. He noted lodging operators have not seen any evidence this theatre will generate substantial benefit for the collectors in exchange for their support of the tax increase.

Chair Black commented that we have not talked about how the money would be used, but talked about the possibility of splitting some of the money that would go to the Convention & Visitors Bureau, the arts programs and for a cultural study. Also, she asked Mr. Martino if the hotel industry could delay collecting the money for a year in order to get the program in place.

Mike Martino made comments about the substantial impact of production [hotel rooms]. He stated nothing has been shared with the operators as to how many hotel rooms this project would generate and until it's understood by them, they cannot support the proposal.

Mayor Tennyson noted for clarification that the purpose of the meeting is the possibility of making the next decision. The questions as to what facility would be funded, where the funds go, etc. would be discussed later.

Representative Luebke noted if it is not the intent to have the increase tax take effect on January 1, 2002 we do not need to be rushing because of the short session that will be held in May. Also, he asked Mr. Martino if he did not want the tax to go into effect January 1, 2002 with any of the proposals.

Mr. Martino replied that's correct.

Representative Michaux raised a concern about the prepared foods tax issue and the following questions: how the SFX Theatre would be funded, where the majority of funding will be coming from, what the debt service will be, if it's passed it would be effective 2002--what will happen to the initial funds that will be collected as a result of this and there will not be any debt service on any bonds until a year later and if there will be private support. Also, he asked if the legislation is needed now.

Mayor Tennyson noted that the occupancy handout was used for Council's consideration and the prepared foods tax was not included in the action taken by Council at its September 4, 2001 Council Meeting. Also, he noted we haven't negotiated a deal with the theatre because we cannot confirm a deal until we have a revenue stream. Further, Mayor Tennyson noted the legislation is needed because there is not a cultural facilities revenue source available to commit even in the planning stage. If we have the authority, it becomes a possible revenue source.

Representative Michaux noted he would like to see the specific purpose that the tax is being used for, how it is going to be used and what it is going to leverage.

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City Manager Conner noted the next step would be moving forward with negotiations with SFX Theatre; however, the problem is that the City does not have a revenue source.

Senator Gulley spoke in support of the 1% occupancy tax due to do significant revitalization to the inner city.

Chair Black announced that the City/County Committee will meet tomorrow at 12 noon to discuss this issue.

Representative Miller noted there would be a public benefit to having a theatre. He expressed concern about the financing and debt service. He noted that he would be willing to commit to this if there is a definite agreement that this is a priority and it has community support and benefit. Also, he noted that he would support legislation that would be specific on how the money will be spent.

The Durham Legislative Delegation raised a concern as to how the funds will be spent.

Council Member McKissick stated the City needs a dedicated revenue stream for funding these types of initiatives and the theatre would make a tremendous difference in downtown Durham.

Vice Chair Reckhow spoke in support of the theatre. Also, she noted the County wants some of the money to help defray the cost of the Museum of Life and Science. Further, she requested the Legislative Delegation give the County and City time to work this out locally.

Representative Michaux raised a concern that there may be a conflict between the City and County on how the funds will be split.

Representative Luebke briefed everyone on the two-part bill noting that if the County chooses not to impose the tax on the entire County, the City can impose it on the hotels within the City limits.

Council Member Burnette spoke in support of the theatre.

Senator Gulley spoke in support of moving this forward and the 60% and 40% split between local governments and the Convention and Visitors Bureau.

**SUBJECT: LOCAL OPTION SALES TAX**

Chair Black requested an update on the local option sales tax issue and asked the delegation if there is something the Council and Commissioners can do so that they would not lose any money or be held harmless on all of the money. Also, Chair Black raised a concern about implementing the one-half cent sales tax.

Representative Michaux briefed the City Council and County Commissioners noting that the City and County will not receive the reimbursements under the current plan. Also, he stated that the City and County will have the authority to impose a half-cent sales tax and the City and County will not get the \$335 million. If for any reason the City and County fall below that, the

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delegation will hold the City and County harmless at 105%. Further, he made comments on HB 99.

Representative Luebke noted the earliest the sales tax can be implemented is December 1, 2001. He noted that the City and County would get money back from July 1 to December 1, plus 5% bonus and made comments on the hold harmless clause and referendum mechanism.

Vice Chair Reckhow noted that Durham County will be short \$3 million due to the elimination of the reimbursement.

Mayor Tennyson spoke in support of having routine meetings with the delegation.

Senator Lucas asked if there are any public contributions to the theatre.

Mayor Tennyson noted that it is undetermined at this point.

Representative Michaux requested the City and County to provide the delegation with something they can agree on.

Representative Miller asked if the American Tobacco deal is tied to moving forward with the SFX Theatre.

Mayor Tennyson replied no.

Council Member Burnette asked if the SFX Theatre Company would make an investment.

Mayor Tennyson made comments noting as a part of the contractual deal, the SFX Theatre Company will be putting money into the facility.

There being no further business to come before the governing bodies, the Joint Meeting was adjourned at 9:52 a.m.

Linda E. Bratcher  
Deputy City Clerk

D. Ann Gray, CMC  
City Clerk